

THE UNITED STATES ATTORNEY'S OFFICE  
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**Department of Justice**

U.S. Attorney's Office

Western District of Texas

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FOR IMMEDIATE RELEASE

Thursday, June 18, 2020

## **Federal Complaint Filed Against Austin Man for Multi-Million Dollar Fraud Scheme Related to the SBA Paycheck Protection Program During COVID-19 Pandemic**

In Austin today, federal authorities arrested Michael George McQuarn, 51 of Austin, for allegedly defrauding the U.S. Small Business Administration (SBA) Paycheck Protection Program of more than \$2 million.

U.S. Attorney John F. Bash; SBA Office of Inspector General (SBA OIG) Central Region Special Agent in Charge Donald Abram; Acting IRS-Criminal Investigation (IRS-CI) Special Agent in Charge Rodrick Benton, Houston Field Office; Treasury Inspector General for Tax Administration Office of Investigations (TIGTA) Special Agent in Charge Gary L. Smith, Mid-States Field Division; Federal Deposit Insurance Corporation Office of Inspector General (FDIC-OIG) Special Agent in Charge Laurie L. Younger, Dallas; and, Texas Attorney General Ken Paxton made today's announcement.

This year, Congress has authorized over \$600 billion in emergency financial assistance to millions of Americans suffering economic hardship caused by the COVID-19 pandemic. A portion of those funds included forgivable loans to small businesses for job retention and certain other expenses (payroll, rent, utilities, mortgage payments, etc.) through the Paycheck Protection Program (PPP). In order to receive funding, businesses must submit an application along with supporting documentation which must be approved by the SBA.

A criminal complaint unsealed this morning charges McQuarn with wire fraud and making false statements to the SBA. The complaint alleges that beginning in April 2020, McQuarn implemented a scheme whereby he submitted fraudulent applications and supporting paperwork of two fictitious companies he created—Vantastic Voyages, LLC and Happy Days Movers, LLC—to secure SBA-backed PPP loans. McQuarn claimed the funds were for legitimate business purposes when, in fact, the money was used for his own personal use, including purchasing a 26' Pavati Wake Boat and a Rolls Royce. The complaint further alleges that McQuarn fraudulently received in excess of \$2 million in PPP funds.

"The Paycheck Protection Program was designed to help Americans struggling with financial hardship during the pandemic. Our office will be aggressive in targeting anyone who defrauds this critical program," stated U.S. Attorney Bash.

“The defendant egregiously sought personal gain from a program intended to assist hardworking Americans in this challenging time,” said SBA OIG Central Region Special Agent in Charge Abram. “SBA OIG and its law enforcement partners will aggressively pursue allegations of wrongdoing to maintain the integrity of SBA’s programs. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their dedication and pursuit of justice.”

“We are pleased to join our law enforcement partners in pursuit of those individuals using the COVID-19 pandemic as an opportunity to defraud the nation’s financial institutions and government relief programs,” stated FDIC-OIG Special Agent in Charge Younger.

Upon conviction, McQuarn faces terms of imprisonment up to 20 years for wire fraud and up to five years for making false statements to the SBA.

SBA OIG, IRS-CI, FDIC-OIG, TIGTA and the Texas Attorney General’s Office are conducting this ongoing investigation. Assistant U.S. Attorneys Matthew Devlin, Michael Galdo and Robert Almonte are prosecuting this case on behalf of the government.

If anyone believes that they or their family are the victims of a scam or attempted fraud involving stimulus payments related to COVID-19 fraud, they can report it without leaving their home. Please contact the National Center for Disaster Fraud Hotline at 866-720-5721 or by email at [disaster@leo.gov](mailto:disaster@leo.gov). If it is a cyber scam, they may also submit a complaint at [www.ic3.gov](http://www.ic3.gov).

**It is important to note that a criminal complaint is merely a charge and should not be considered as evidence of guilt. The defendant is presumed innocent until proven guilty in a court of law.**

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**Topic(s):**

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